



Ezingoleni Municipality
Annual Financial Statements
for the year ended 30 June 2013

Ezingolweni Municipality

Financial Statements for the year ended 30 June 2013

General Information

Legal form of entity	Municipality(MFMA)
Municipal demarcation code	KZN 215
Executive mayor	Cllr M.A. Mpisi
Speaker	Cllr M.A. Mpisi
Chief whip	Cllr M.A. Mpisi
Councillors	Cllr M.P. Cele Cllr T.M. Cele Cllr S.A. Khawula Cllr S.E. Khawula Cllr H.P. Mbatha Cllr P.H. Mthiyane Cllr B.C. Mzobe Cllr S.A. Ngcece Cllr B.O. Ngcobo Cllr B.D. Nyawose
Grading of local authority	Grade 5
Accounting Officer	Mr M. N. Mabece
Chief Finance Officer (CFO)	Mr B. Cele
Registered office	Municipal Offices N2 Main Harding Road Opposite Izingolweni Taxi Rank Izingolweni 4260
Business address	N2 Main Harding Road Nkulu Ward 6 Opposite Izingolweni Taxi Rank Izingolweni 4260
Postal address	P. O. Box 108 Izingolweni 4260
Bankers	First National Bank Port Shepstone
Attorneys	Paul Preston
Auditors	Auditor General Registered Auditors

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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Municipal Manager's Certificate

I am responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003), and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note15 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr M.N. Mabece
Accounting Officer

Ezingoleni Municipality

Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Figures (in Rands)	Note(s)	2013	Restated 2012
Assets			
Current Assets			
Cash and cash equivalents	7	27 862 281	19 758 974
Vat receivable	6	2 296 740	2 465 540
Receivables from exchange transactions	5	796 215	229 827
Receivables from non-exchange transactions	4	344 743	300 113
		31 299 979	22 754 454
Non Current Assets			
Property, plant and equipment	2	71 463 561	70 063 539
Intangible assets	3	120 275	180 351
		71 583 836	70 243 890
Total Assets		102 883 815	92 998 344
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	3 964 819	3 079 220
Government grants and subsidies	12	2 186 091	4 492 416
Current portion of finance lease obligation	10	26 938	98 191
		6 177 848	7 669 827
Non Current Liabilities			
Post employment medical liability	9	1 031 000	598 000
Employee benefit obligation	8	434 000	219 000
Finance lease obligation	10	-	30 479
		1 465 000	847 479
Total Liabilities		7 642 848	8 517 306
Net Assets		95 240 967	84 481 038
Reserves			
Accumulated surplus		95 180 882	84 481 038
Total Net Assets		95 180 882	84 481 038

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Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012 Restated
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment		4 774	24 492
Other income	14	328 517	307 595
Interest		1 019 807	1 069 947
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	13	768 519	672 420
Transfer revenue			
Government grants and subsidies	12	45 753 598	42 755 148
Total Revenue		47 875 215	44 829 602
Other income			
Gain on fair valuing of assets		330 246	33 322
Actuarial gain (loss)		(160 000)	340 000
		170 246	373 322
Expenditure			
Advertising		126 344	135 704
Bank charges		44 157	39 601
Bursary		8 830	26 836
Cleaning		191 141	157 150
Councillors' remuneration	15	2 813 602	2 444 647
Depreciation, amortisation and impairments	2, 3	11 477 788	7 744 064
Electricity and water		182 720	227 510
Employee costs	16	10 200 792	8 321 400
FMG Grant and audit fees		1 466 095	1 179 077
Grant expenditure		2 842 201	3 514 926
Grant in Aid		298 920	362 661
Indigent support		170 412	206 548
Insurance		177 782	165 510
Interest paid		14 910	31 889
Lease rentals on operating lease		42 340	35 061
Legal expenses		3 933	28 059
Other expenses	18	2 285 527	1 909 031
Postage		892	2 130
Printing and stationery		97 609	88 904
Protective and safety clothing		29 920	3 000
Refreshments and year end function		80 720	89 061
Rent		2 794	2 910
Repairs and maintenance		359 973	278 523
Security		269 257	234 328
Seminars and workshops		200 351	270 955
Special programmes		438 715	294 631
Subscriptions		435 382	28 397
Sundry expenses	19	432 720	190 405
Telephone and fax		440 213	421 288
Training		413 150	98 537
Transport costs		435 035	473 742
Waste management		384 082	325 860
Total expenditure		36 368 307	29 332 345
Surplus for the year		11 677 154	15 870 579

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Description	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference See Note 28 Reconciliation of Actual amounts
Statement of Financial Performance						Note 28
Revenue						
Revenue from exchange transactions						
Rental of Facilities	19 000	-	19 000	4 774	(14 226)	
Investment revenue	864 000	-	864 000	932 995	68 995	
Other own revenue	340 000	-	340 000	498 763	158 763	
Total revenue from exchange transactions	1 223 000	-	1 223 000	1 436 532	213 532	
Revenue from non exchange transactions						
Taxation						
Property rates	799 000	-	799 000	698 208	(100 792)	
Transfer revenue						
Transfers recognised - operational	28 882 000	-	28 882 000	30 921 517	2 039 517	
Transfers recognised - capital	14 547 000	(525 000)	14 022 000	13 253 671	(768 329)	
Total revenue from non exchange transactions	44 228 000	(525 000)	43 703 000	44 873 396	1 170 396	
Total Revenue	45 451 000	(525 000)	44 926 000	46 309 928	1 383 928	
Expenditure						
Employee costs	11 757 000	(289 000)	11 468 000	9 596 956	1 871 044	
Remuneration of councillors	2 634 000	172 000	2 806 000	2 813 602	(7 602)	
Debt impairment	-	-	-	-	-	
Depreciation and asset impairment	2 590 000	819 000	3 409 000	11 417 705	(8 008 705)	
Finance charges	52 000	-	52 000	14 910	37 090	
Contracted services	425 000	-	425 000	359 973	65 027	
Transfers and grants	59 000	-	59 000	58 240	760	
Other expenditure	12 216 000	(93 000)	12 123 000	10 985 347	1 137 653	
Total Expenditure	29 733 000	(1 056 000)	30 342 000	35 246 733	(4 904 733)	
Surplus/(Deficit)	15 718 000	531 000	14 584 000	11 063 195	6 288 661	
Transfers recognised - capital	14 546 000	(525 000)	14 021 000	-	-	
Contributions recognised - capital and contributed assets	-	-	-	-	-	
Surplus/ (Deficit) after capital transfers & contributions	30 264 000	6 000	28 605 000	11 063 195	6 288 661	
Capital expenditure and funds sources						
Transfers recognised - capital	15 707 000	(525 000)	14 620 000	13 603 728	1 016 272	
Transfers recognised - capital (from Equitable Share)	-	-	562 000	498 580	63 420	
Public contributions and donations	-	-	-	-	-	
Borrowing	-	-	-	-	-	
Internally generated funds	-	-	700 000	-	700 000	
Total sources of capital funds	15 707 000	(525 000)	15 882 000	14 102 308	1 779 692	

See note 28 for a Reconciliation of actual amounts on a comparable basis and actual amounts in the financial statements

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Annual Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

Figures in Rand	Retained income	Total net assets
Balance at 01 July 2011	52 068 779	52 068 779
Changes in net assets		
Surplus for the year	15 870 579	15 870 579
Opening balance as previously reported	65 007 428	65 007 428
Adjustments		
Prior year adjustments (note 27)	17 518 990	17 518 990
Balance at 01 July 2012 as restated	83 503 728	83 503 728
Changes in net assets		
Surplus for the year	11 677 154	11 677 154
Total changes	11 677 154	11 677 154
Balance at 30 June 2013	95 180 882	95 180 882

Note(s)

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement Of Cash Flows

Figures in Rand	Note(s)	2013	2012 Restated
Cash flows from operating activities			
Cash receipts from customers		47 264 197	45 209 826
Cash paid to suppliers and employees		(26 827 189)	(30 246 651)
Cash generated from operations	20	20 437 008	14 963 175
Interest income		1 019 807	1 069 947
Interest paid		(14 908)	(31 889)
Net cash from operating activities		21 441 907	16 001 233
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(12 741 733)	(14 481 746)
Movements in call investment deposits		(566 388)	-
Net cash from investing activities		(13 308 121)	(14 481 746)
Cash flows from financing activities			
Finance lease payments		(30 479)	(103 668)
Total cash movement for the year		8 103 307	1 415 819
Cash at the beginning of the year		19 758 974	18 343 155
Total cash at end of the year	7	27 862 281	19 758 974

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Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Presentation of Annual Financial Statements

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2013 financial period is set out in Directive 5 and its supplements issued by the Accounting Standards Board (ASB) on 11 March 2009 and on 20 January 2012.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. The figures in the statements have been rounded to the nearest Rand. A summary of the significant accounting policies, which have been consistently applied, to all the years presented are set out below.

The Accounting Framework of the municipality is as follows (Listed below are only the relevant GRAP standards):

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 5 Borrowing Costs
- GRAP 9 Revenue from Exchange Transactions
- GRAP 13 Leases
- GRAP 14 Events After the Reporting Date
- GRAP 17 Property, Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 20 Related Party Disclosures
- GRAP 21 Impairment of Non cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 25 Employee Benefits
- GRAP 102 Intangible Assets
- GRAP 104 Financial Instruments

New standards and interpretations effective and adopted in the current financial year

- GRAP 21 Impairment of Non cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 26 Impairment of cash-generating assets
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments

These new standards and interpretations did not have a material impact on these financial statements.
Standards and interpretations issued, but not yet effective

- GRAP 18 Segment Reporting
- GRAP 20 Related Party Disclosures
- GRAP 25 Employee Benefits
- GRAP 26 Impairment of cash-generating assets
- GRAP 27 Agriculture (replace GRAP 101)
- GRAP 105 Transfer of functions between entities under common control
- GRAP 106 Transfer of functions between entities not under common control
- GRAP 107 Mergers

None of these standards and interpretations are anticipated to have a material impact on the entity's financial statements.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

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Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.2 Going concern assumption

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.3 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.4 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Buildings	30 years
Infrastructure - Roads	10 years
Machinery and equipment	5 years
Motor vehicles	5 years
Furniture and office equipment	5 years
Computer equipment	5 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

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Accounting Policies

1.5 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

1.6 Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

If the municipality is unable to make a reliable estimate of the useful life of an intangible assets, the life will be presumed to be 10 years.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting period date if there are indicators present that there is a change from the previous estimate.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

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Accounting Policies

1.7 Financial instruments

A financial asset is any asset that is a cash or contractual right to receive cash. The entity has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

- Accounts receivables (Trade debtors)
- Other receivables
- Bank balances and cash

In accordance with GRAP 104, all the financial assets of the entity are classified into the category Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the effective interest method less any impairment, with interest revenue recognised on an effective yield basis.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The entity has the following types of financial liabilities as reflected on the face of the statement of financial position or in the notes thereto:

- Creditors
- Short term loans

In accordance with GRAP 104, all the financial liabilities of the entity are classified into the category financial liabilities at amortised cost. Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. The financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.9 Impairment of assets

The municipality assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests goodwill, with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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Accounting Policies

1.9 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.11 Provisions

Provisions are recognised when:

- the municipality has an obligation at the reporting period date as a result of a past event;
- it is probable that the municipality will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Contingencies are disclosed in notes 22 and 23. .

1.12 Government grants

Government grants are recognised when there is reasonable assurance that:

- the municipality will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

1.13 Value Added Tax

The municipality accounts for value added tax on the payments basis in accordance with section 15(2)(a) of the Value Added Tax Act (Act No. 89 of 1991).

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year's figures.

1.16 Commitments

The amounts of capital commitments contracted for at the reporting date and which have not been recognised as liabilities are disclosed by way of a note.

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Accounting Policies

1.17 Change in accounting policy, estimate and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP3 requirements, to the extent that it is impracticable to determine the period end specific effect or the cumulative effect of the change in accounting policy. In such a case the municipality will restate the opening balances of the assets, liabilities and net assets for the earliest period for which retrospective application is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of the change in estimates are disclosed in the notes to the annual financial statements where applicable

Correction of error that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, to the extent that it is impracticable to determine the period end specific effect or the cumulative effect of the error. In such a case the municipality will restate the opening balances of the assets, Liabilities and net assets for the earliest period for which retrospective restatement is practicable

1.18 Events after reporting dates

Events after the reporting date are classified as adjusting events are accounted for in the financial statements and events after the reporting dates that are classified as non-adjusting events are disclosed in the notes to the financial statements.

1.19 Budget information

Economic Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.20 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

1.21 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the municipality's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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Accounting Policies

1.23 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the financial statements.

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Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand 2013 2012

2. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	47 330 350	(7 849 332)	39 481 018	41 176 096	(5 000 177)	36 175 919
Infrastructure - Roads	52 326 995	(22 690 599)	29 636 396	46 284 950	(14 890 814)	31 394 136
Machinery and equipment	1 998 555	(1 415 631)	582 924	1 947 259	(1 138 736)	808 523
Motor vehicles	1 409 871	(961 230)	448 641	1 408 871	(855 219)	553 652
Furniture and office equipment	1 944 063	(1 010 921)	933 142	1 503 672	(793 264)	710 408
Computer equipment	906 842	(525 402)	381 440	822 041	(401 140)	420 901
Total	105 916 676	(34 453 115)	71 463 561	93 142 889	(23 079 350)	70 063 539

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Impairment loss	Total
Buildings	36 175 919	6 154 253	(2 135 560)	(713 594)	39 481 018
Infrastructure - Roads	31 394 136	6 042 045	(5 690 981)	(2 108 804)	29 636 396
Machinery and equipment	808 523	19 244	(243 775)	(1 068)	582 924
Motor vehicles	553 652	1 000	(106 011)	-	448 641
Furniture and office equipment	710 408	440 391	(216 719)	(938)	933 142
Computer equipment	420 901	84 800	(124 261)	-	381 440
	70 063 539	12 741 733	(8 517 307)	(2 824 404)	71 463 561

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Impairment loss	Total
Buildings	26 215 952	11 537 304	(1 570 131)	(7 206)	36 175 919
Infrastructure - Roads	34 103 138	2 721 046	(4 889 288)	(540 760)	31 394 136
Machinery and equipment	1 003 636	17 258	(209 514)	(2 857)	808 523
Motor vehicles	680 300	-	(126 648)	-	553 652
Furniture and office equipment	829 175	110 134	(226 271)	(2 630)	710 408
Computer equipment	470 254	96 004	(132 463)	(12 894)	420 901
	63 302 455	14 481 746	(7 154 315)	(566 347)	70 063 539

See Annexure B for more information.

No asset or any portion of any assets was provided to any person or institution as security.

Community halls to the value of R11.9 million have been included in the buildings disclosure above, the lease agreement for the use of the land on which the buildings are housed is pending final approval from the Ingonyama Trust Board.

3. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	524 016	(403 741)	120 275	524 016	(343 665)	180 351

Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Computer software	180 351	(60 076)	120 275

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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3. Intangible assets (continued)

Reconciliation of intangible assets - 2012

	Opening balance	Amortisation	Total
Computer software	270 838	(90 487)	180 351

See Annexure B for more information.

During the period under review the remaining useful lives of Intangible assets were reviewed and it was found that these assets would fully depreciate within the next 11 to 23 months after year end. It was determined that these assets will still be utilized for at least the next 24 months, as a result the remaining useful lives were adjusted with between 1 and 13 months. This revision has resulted in a reduction in the current year amortization of R30 411 and will reduce the amortization for the following two financial years with R60 823

4. Receivables from non-exchange transactions

Rates	528 467	426 215
Less: Provision for bad debts	(183 724)	(126 102)
	344 743	300 113

Ageing

Current (0 – 30 days)	51 226	47 382
31 - 60 days	47 017	2 182
61 - 90 days	44 987	24 436
91 - 120 days	17 789	22 873
Greater than 120 days	367 448	329 342
	528 467	426 215

5. Receivables from exchange transactions

Sundry debtors	281 505	220 653
Accrued income	54 869	43 434
Deposit	-	2 000
Conditional grants overspent	514 473	-
	850 847	266 087
Less: Provision for bad debts	(54 632)	(36 260)
	796 215	229 827

6. Vat receivable

Vat	2 296 740	2 465 540
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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 000	1 000
Bank balances	24 123 622	9 166 652
Short-term deposits	3 737 659	10 591 322
	27 862 281	19 758 974

Primary Account

First National Bank Account - Port Shepstone Branch

Account Number 62024943153 : Call account

Bank statement balance at the beginning of the year	8 938 467	1 909 641
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Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
7. Cash and cash equivalents (continued)		
Bank statement balance at the end of the year	24 123 622	8 938 467
Cashbook balance at the beginning of the year	9 166 652	1 909 641
Cashbook balance at the end of the year	24 123 622	9 166 652
Call Investment Deposits		
Conditional Grant	2 613 974	8 940 485
Lottery Grant	1 091 124	1 061 068
MSIG Grant	32 561	589 769
	3 737 659	10 591 322
Conditional Grant		
First National Bank Account - Port Shepstone Branch		
Account Number 62200828533 : Call Account		
Bank statement balance at the beginning of the year	9 166 652	8 172 511
Bank statement balance at the end of the year	2 613 974	9 166 652
Cashbook balance at the beginning of the year	8 940 485	8 172 511
Cashbook balance at the end of the year	2 613 974	8 940 485
Lottery Grant		
First National Bank Account - Port Shepstone Branch		
Account Number 62200828955 : Call Account		
Bank statement balance at the beginning of the year	1 061 068	435 516
Bank statement balance at the end of the year	1 091 124	1 061 068
Cashbook balance at the beginning of the year	1 061 068	435 516
Cashbook balance at the end of the year	1 091 124	1 061 068
MSIG Grant		
First National Bank Account - Port Shepstone Branch		
Account Number 62231035537 : Money Market		
Bank statement balance at the beginning of the year	589 769	795 660
Bank statement balance at the end of the year	32 561	589 769
Cashbook balance at the beginning of the year	589 769	795 660
Cashbook balance at the end of the year	32 561	589 769

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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8. Employee benefit obligation

Long service awards

Non-current liabilities	434 000	219 000
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A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The said award comprises of a certain number of additional vacation leave days. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2013 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2013 by One Pangaea Financial (2012 - PricewaterhouseCoopers Actuarial and Insurance Management Solutions). The present value of the defined benefit obligation, and the related current service cost were measured using the Projected Unit Credit Method. No other long service benefits are provided by the Municipality.

The future cost for ensuing year is estimated to be R37 000 and the interest cost for the next year is estimated to be R18 000 (2012: R79 000 and R44 000 respectively).

The principal actuarial assumptions used were as follows:

Discount rate per annum	7.25 %	8.00 %
Inflation rate	6.25 %	5.50 %
Salary increase rate	7.15 %	7.50 %
Normal retirement age	63	63
Proportion continuing membership at retirement	95 %	95 %
Proportion of retiring members who are married	95 %	95 %
Mortality during employment	SA 85-90 light	SA 85-90 light
Percentage of in-service members withdrawing before retirement:		
Age 20 - 24	12.0 %	13.3 %
Age 25 - 29	6.6 %	13.0 %
Age 30 - 34	5.1 %	11.0 %
Age 35 - 39	3.6 %	8.0 %
Age 40 - 44	2.6 %	6.0 %
Age 45 - 49	1.8 %	4.0 %
Age 50 - 54	1.1 %	2.0 %
Age 55 - 59	0.0 %	0.0 %
Age 60 -	0.0 %	0.0 %

Present value of the obligation	434 000	219 000
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Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	219 000	436 000
Current service cost	37 000	79 000
Interest cost	18 000	44 000
Actuarial (Gain) / Loss	167 000	(313 000)
Benefits payments by Municipality	(7 000)	(27 000)
	434 000	219 000

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	37 000	79 000
Interest cost	18 000	44 000
Expected return on assets	-	-
Actuarial (Gain) / Loss	167 000	(313 000)
	222 000	(190 000)

Disclosure in terms of par. 120A(p) of IAS 19

Defined benefit obligation	434 000	219 000
Experience adjustments on plan liabilities	(20 000)	65 000

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012	
Disclosure in terms of par. 120A(q) of IAS 19			
Expected benefits to be paid during the next financial year	15 000	-	
	15 000	-	
Salary inflation sensitivity			
	1% decrease	Base (7.50%)	1% increase
Defined benefit obligation	391 000	434 000	484 000
Service cost	90 000	101 000	114 000

Post retirement pension plan

The municipality's personnel are members of one of the Natal Joint Municipal Pension retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific municipality and is of no relevance to users of the municipality's financial statements.

An independent valuer carries out a statutory valuation of the NJMPF on a triennial basis and an interim valuation on an annual basis. The findings are extracts from the interim actuarial valuation at 31 March 2012 released 12 October 2012.

Superannuation Fund

The last valuation carried out on the Superannuation Fund as at 31 March 2012 reflected:

- The memorandum account in respect of pensioners was 96% funded.
- There was a deficit in respect of active members which is being met by the surcharge of 9.5% of pensionable salaries, this surcharge is payable for 8 years wef 1 July 2012.
- The required contribution rate for the future service exceeded the contribution rate payable by 3.63% of pensionable salaries.

The statutory actuarial valuation carried out on the Superannuation Fund as at 31 March 2012 reflected:

- The memorandum account in respect of pensioners was fully funded.
- There was a deficit in respect of active members and it is recommended that the surcharge of 7% be increased to 9.5% of pensionable salaries and that the repayment period be set at 8 years at which time the deficit is expected to be fully funded.
- The required contribution rate for the future service exceeded the contribution rate payable by 3.63% of pensionable salaries.

Retirement Fund

The interim valuation carried out on the Retirement Fund as at 31 March 2012 reflected:

- The memorandum account in respect of pensioners was fully funded on the discounted cash flow method.
- The Funds liabilities for the contributory members exceeded the value of the assets; it is expected that the shortfall will be funded by a surcharge of 17% of pensionable emoluments by 2015.
- In order to fund the deficit, the surcharge should be increased from 17% to say, 17.5% from 1 July 2012 and the required period be extended from 5 years to 8 years.

Provident Fund

The latest statutory valuation of the Provident Fund (defined contribution) as at 31 March 2012 revealed that the fund was in a sound financial position.

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
9. Post Employment Medical Liability		
Post retirement medical subsidy		
employee benefits		
Non-current liabilities	1 031 000	598 000

The principal actuarial assumptions used were as follows:

Discount rate per annum (D)	8.25 %	7.25 %
Consumer price inflation (C)	6.00 %	6.25 %
Health care cost inflation (H)	6.75 %	6.75 %
Salary inflation (S)	6.90 %	7.15 %
Net discount rate $((1+D)/(1+H)-1)$	1.14 %	0.47 %
Normal retirement age	63	63
Fully accrued age	63	63
Early retirement age	55	55
Employment age used for past service period	Actual service entry ages	Actual service entry ages
Age difference between spouses:		
Active employees	3 years	3 years
Pensioners	Actual ages used	Actual ages used
Proportion married:		
Active employees	Assumed proportion married	Assumed proportion married
Pensioners	Actual marital status used	Actual marital status used
Mortality:		
Active employees	SA85-90 (Normal)	SA85-90 (Normal)
Pensioners	PA (90)-2	PA (90)-2

The following proportion married assumption in the previous and current valuation periods:

Age	Males	Females
20	5 %	5 %
25	25 %	25 %
30	55 %	55 %
35	78 %	78 %
40	84 %	84 %
45	85 %	85 %
50	86 %	86 %
55	88 %	88 %
60+	92 %	92 %

Disclosure in terms of Paragraph 120A(P)&(Q) of IAS19

Par. 120A(p) of IAS 19 requires the disclosure of the following amounts for the current annual period and previous four annual periods:

- The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and
- The experience adjustments arising on the plan liabilities and plan assets.

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
Par. 120A(p)	30 June 2011	30 June 2012
Defined benefit obligation	455 000	598 000
Experience adjustments on plan liabilities	-	273 000

Par. 120A(q) of IAS 19 requires the disclosure of the employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid during the annual period beginning after the reporting period.

The figure in the table below should be based on the pensioner contributions as at 30 June 2013, as provided by the employer, for the next financial year, increased with expected healthcare cost inflation from 1 January 2014. Since Ezingoleni Municipality is yet to subsidise pensioners, the benefits/contributions expected over the following year are RNil.

Par. 120A(q)	30 June 2014
Employer contributions to be paid during the next financial year	-

Sensitivity Analysis

Health care cost inflation

The valuation basis assumes that the health care cost inflation rate (which manifests itself as the annual increase to the total contribution subsidised by the employer) will be 0.47% less than the corresponding discount rate, in the long term. The effect of a one percent increase and decrease in the health care cost inflation rate is as follows:

Health care cost inflation	1% decrease	Valuation basis	1% increase
Employer's accrued liability	562	1 031	1 362
Employer's service cost	97	175	237
Employer's interest cost	41	75	99

The table below shows the impact of a change in the mortality assumption from PA(90) with a two year adjustment to PA(90) with a three year adjustment.

Mortality	Valuation basis PA (90) -2	PA (90) -3*
Employer's accrued liability	1 031	1 068
Employer's service cost	175	181
Employer's interest cost	75	77

*PA(90)-3 (PA(90) with a three-year age adjustment) means that, to each beneficiary we assigned a mortality rate of an individual three years younger than that beneficiary, ie lighter mortality implying that the individual lives longer than expected in the valuation basis.

Therefore, the above change in the mortality assumption would result in a 3.6% increase in the accrued liability.

Restatement in the financial statements

The post retirement medical subsidy employee benefits was not disclosed in prior years. The effect of the disclosure is as follows:

Statement of Financial Position

Previously reported balance	-	-
Adjustment	-	599 000
Restated balance	-	599 000

Statement of Financial Performance

Previously reported balance	-	-
Adjustment	-	143 000
Restated value	-	143 000

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
10. Finance lease obligation		
Minimum lease payments due		
- within one year	27 775	111 100
- in second to fifth year inclusive	-	33 317
	27 775	144 417
less: future finance charges	(837)	(15 747)
Present value of minimum lease payments	26 938	128 670
Present value of minimum lease payments due		
- within one year	26 938	96 191
- in second to fifth year inclusive	-	32 479
	26 938	128 670

The finance lease liability is secured against vehicles with a cost price of R799 734. The leases bear interest at rates varying between prime less 1% to 18.50% per annum and are repayable over periods between 16 months and 39 months..

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to Annexure A.

11. Payables from exchange transactions

Trade payables	417 225	165 474
Retentions	2 478 306	1 941 127
Accrued leave pay	343 924	228 164
Other creditors	240 192	323 796
Councillors' UIF	160 123	160 123
Accrual for staff bonus	325 049	260 536
	3 964 819	3 079 220

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
12. Government grants and subsidies		
Equitable Share	26 036 000	21 581 000
Municipal Systems Improvement Grant (MSIG)	1 238 807	1 548 962
Municipal Infrastructure Grant	14 547 553	14 543 540
Financial Management Grant	1 644 102	1 322 570
Provincialisation of libraries	237 216	236 591
Library Grant - Cyber Cadet	95 634	92 579
Small Town Rehabilitation Grant	8 946	1 416 172
LED Strategy Grant	-	276 852
Integrated National Electrification Programme	1 716 305	1 548 576
National Lottery Grant	-	188 306
Integrated Development Plan Grant	229 037	-
	45 753 600	42 755 148
Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	26 036 000	21 581 000
Conditions met – transferred to revenue	(26 036 000)	(21 581 000)
	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. R1 429 000 was withheld by National Treasury during the year.		
Municipal Systems Improvement Grant (MSIG)		
Balance unspent at beginning of year	274 391	1 033 353
Current year receipts	800 000	790 000
Conditions met – transferred to revenue	(1 238 807)	(1 548 962)
Amounts overspent transferred to current assets (See note 5)	164 416	-
Conditions still to be met - transferred to liabilities	-	274 391
This grant is used for the improvement of systems. No funds were withheld.		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	701 496	4 120 035
Current year receipts	13 496 000	11 125 000
Conditions met – transferred to revenue	(14 547 553)	(14 543 539)
Amounts overspent transferred to current assets ((See note 5)	350 057	-
Conditions still to be met - transferred to liabilities	-	701 496
This grant was used for infrastructure programmes. No funds were withheld.		
Financial Management Grant		
Balance unspent at beginning of year	150 682	(26 749)
Current year receipts	1 500 000	1 500 000
Conditions met – transferred to revenue	(1 644 102)	(1 322 569)
Conditions still to be met - transferred to liabilities	6 580	150 682
This grant was used for financial management including improving the finance management system, purchasing computers for finance staff and capacity building for finance, for example the employment of interns. No funds were withheld.		
Provincialisation of Libraries Grant		
Balance unspent at beginning of year	(3 251)	-
Current year receipts	245 000	233 340
Conditions met – transferred to revenue	(237 216)	(236 591)
Conditions still to be met - transferred to liabilities	4 533	(3 251)

Ezingoleni Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
Library Grant - Cyber Cadet		
Balance unspent at beginning of year	72 500	69 079
Current year receipts	100 800	96 000
Conditions met – transferred to revenue	(95 634)	(92 579)
Conditions still to be met - transferred to liabilities	77 666	72 500

This grant was used for the operational staff for the library such as the Cyber Cadet.

Small Town Rehabilitation Grant		
Balance unspent at beginning of year	449 828	5 177 900
Funds returned	-	(3 311 900)
Conditions met – transferred to revenue	(8 946)	(1 416 172)
Conditions still to be met - transferred to liabilities	440 882	449 828

This grant was used to rehabilitate the town including the construction of a trade centre, a community park, landscaping and the installation of street lights. No funds were withheld.

LED Strategy Grant		
Balance unspent at beginning of year	104 722	381 574
Current year receipts	-	-
Conditions met – transferred to revenue	-	(276 852)
Conditions still to be met - transferred to liabilities	104 722	104 722

This grant was used to review Local Economic Development Strategy and align it with the district strategy. No funds were withheld.

Integrated National Electrification Programme		
Balance unspent at beginning of year	1 716 305	1 126 239
Current year receipts	-	2 138 642
Conditions met – transferred to revenue	(1 716 305)	(1 548 576)
Conditions still to be met - transferred to liabilities	-	1 716 305

This grant was used to connect electricity to households with no connections. No funds were withheld.

National Lottery Grant		
Balance unspent at beginning of year	1 025 745	1 214 051
Current year receipts	-	-
Conditions met – transferred to revenue	-	(188 306)
Conditions still to be met - transferred to liabilities	1 025 745	1 025 745

Infrastructure Grant		
Current year receipts	525 000	-
Conditions met – transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	525 000	-

This grant was used for the construction of sportsfield. No funds were withheld

Integrated Development Plan Grant		
Current year receipts	230 000	-
Conditions met – transferred to revenue	(229 037)	-
Conditions still to be met - transferred to liabilities	963	-

This grant was used to community participation in Integrated Development Plan. No funds were withheld

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
Summary of unspent conditional grants and receipts		
Municipal Systems Improvement Grant (MSIG)	-	274 389
Municipal Infrastructure Grant	-	701 496
Financial Management Grant	6 580	150 682
Provincialisation of Libraries Grant	4 533	(3 251)
Library Grant - Cyber Cadet	77 666	72 500
Small Town Rehabilitation Grant	440 882	449 828
LED Strategy Grant	104 722	104 722
Integrated National Electrification Programme	-	1 716 305
National Lottery Grant	1 025 745	1 025 745
Infrastructure Grant	525 000	-
Integrated Development Plan Grant	963	-
	2 186 091	4 492 416

Ezingoleni Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
13. Property rates		
Actual		
Agriculture properties used for agricultural purposes	253 989	261 078
Agricultural properties used for other business and commercial purposes	150 846	283 464
Industrial properties	248 933	75 207
Public service infrastructure	50	49
Institution	114 701	52 622
	768 519	672 420
Property Valuations		
Agriculture properties used for agricultural purposes	341 725 000	341 725 000
Agricultural properties used for other business and commercial purposes	18 544 000	18 544 000
Industrial properties	4 920 000	4 920 000
Public service infrastructure	36 000	36 000
Institution	55 087 000	55 087 000
	420 312 000	420 312 000
Non rateable		
Non rateable	-	-
Last general valuation		
The last general valuation came into effect on:	01/07/2012	01/07/2011
Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 01/07/2008		
Interim valuations are processed on an annual basis to take into account changes in individual values due to consolidations and subdivisions		
Assessment rates: Cents in the rand on market valuation as follows:		
Agriculture properties used for agriculture purposes	0.0810c/R	0.0810c/R
Agricultural properties used for other business and commercial	1.6203c/R	1.6203c/R
Industrial properties	1.6203c/R	1.6203c/R
Public service infrastructure	0.2025c/R	0.2025c/R
Institution	0.4050c/R	0.4050c/R
Mining	1.6203c/R	1.6203c/R
Special purpose	0.4050c/R	0.4050c/R
Phasing in discount:		
Agricultural property	- %	- %
Industrial properties	- %	- %
Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates Act No. 6 of 2004 for the 2013 financial year):		
On an annual basis, and the final dates of payment being the last working day of the month from August 2012 to June 2013.		
Interest is levied on outstanding rates per annum at:	18 %	18 %

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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14. Sundry income

Included in other income is the following:

Sale of tender documents	15 263	57 000
SCP Refund Department of Transport	253 680	155 200
Photocopies	5 144	10 459
LG SETA	51 864	50 828
Other Income	2 566	34 108
	328 517	307 595

15. Remuneration of councillors

Mayor	628 652	597 535
Councillors	2 184 950	1 847 112
	2 813 602	2 444 647

	Mayor	Councillors	Total
Basic Salary	379 297	1 311 887	1 691 184
Car allowances	146 514	461 228	607 742
Backpay	18 984	178 812	197 796
Other benefits	19 270	130 591	149 861
Company contributions	64 587	102 432	167 019
	628 652	2 184 950	2 813 602

In-kind Benefits

The Mayor is full-time and has an office and PA at the cost of the council.

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
16. Employee related costs		
Employee related costs - salaries and wages	6 882 940	5 397 731
Contributions to UIF, medical and pension benefits	1 139 523	979 740
Travel, motor car, accommodation, subsistence & other allowances	886 240	940 832
Housing benefits and allowances	364 728	260 082
Leave	29 370	92 912
Bonuses	323 504	271 329
Backpay	86 487	112 774
Contributions to long service award	55 000	123 000
Post employment medical liability	433 000	143 000
	10 200 792	8 321 400
Remuneration of the Municipal Manager		
Annual remuneration	513 599	464 860
Car allowance	129 600	97 200
Housing allowance	103 200	77 400
Backpay	14 916	17 511
Leave pay	-	65 196
Other benefits	47 586	33 556
	808 901	755 723
Remuneration of the Chief Finance Officer		
Annual remuneration	409 200	306 288
Car allowance	108 000	108 000
Housing allowance	84 000	84 000
Backpay	8 747	12 854
Other benefits	64 518	37 487
	674 465	548 629
Director: Technical Services		
Annual remuneration	472 333	182 088
Car allowance	69 000	20 000
Housing allowance	84 000	22 500
Backpay	8 747	-
Other benefits	18 890	7 395
	652 970	231 983
Director: Corporate Services		
Annual remuneration	378 868	308 872
Car allowance	165 000	120 000
Housing allowance	75 000	60 000
Backpay	8 747	12 854
Other benefits	33 793	64 645
	661 408	566 371

The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
17. Operating lease		
The future minimum lease payments payable under operating leases for the actual liability are as follows:		
No later than one year	-	19 093
Operating lease payments payable relate to the hiring of office equipment and cellphones.		
Ezingoleni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.		
18. Other expenses		
Promotions	53 566	109 397
Arts and culture	65 628	128 204
Sport and recreation	283 593	443 706
Free Basic Services - Electricity	128 741	110 598
Free Basic Services - Paraffin	212 435	249 842
Local Economic Development	524 722	140 452
Tourism	58 240	42 000
Public Participation	158 672	106 123
Water Connection For The Elderly	40 630	98 195
Gravelling of Access Road	723 053	436 139
Disaster Management	32 246	33 275
Team Building	-	9 500
Employee Assistant Programme	4 000	1 600
	2 285 526	1 909 031
19. Sundry expenses		
Medical examination	1 333	3 171
Sports field	73 020	7 121
Vat recovery fees	296 751	180 113
Farm workers	8 900	-
Audit Committee remuneration	52 716	-
	432 720	190 405
20. Cash generated from operations		
Profit before taxation	11 677 154	15 870 579
Adjustments for:		
Depreciation and amortisation	11 401 794	7 720 662
Interest received	(1 019 807)	(1 069 947)
Interest paid	14 910	31 889
Impairment loss	75 994	23 402
Movements in post employment benefits	849 828	-
Movements in retirement benefit assets and liabilities	215 000	(217 000)
Movements in unspent conditional grants and receipts	(2 306 325)	(8 603 066)
Changes in working capital:		
Vat receivable	(746 117)	409 000
Consumer debtors	(44 630)	(154 556)
Other debtors	(566 388)	651 149
Payables from exchange transactions	885 595	301 063
	20 437 008	14 963 175

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
21. Capital commitments		
Commitments in respect of capital expenditure:		
Approved and contracted for		
Infrastructure	3 015 627	15 289 288
Community	443 437	6 111 421
	3 459 064	21 400 709
Approved but not yet contracted for		
Infrastructure	14 909 000	4 644 600
	14 909 000	4 644 600
Total	18 368 064	26 045 309
This expenditure will be financed as follows:		
Grants	18 368 064	26 045 309

22. Contingent assets

No contingent assets were identified for the year ended 30 June 2013 nor for the year ended 30 June 2012.

23. Contingent liabilities

2013

There is an impending discussion between SALGA and the municipalities to finalise the issue of wage curve and the liability is uncertain at this stage.

The job evaluation is not yet completed to quantify the amount that could probably be owed by the municipality to its employees.

2012

No contingent liabilities were identified for the year ended 30 June 2012.

24. In-kind donations and assistance

The municipality did not receive any In-kind donations and assistance during the year under review.

25. Related parties

Relationships

Mr Paul Preston

Chairman of the Audit Committee

Related party transactions

Services from related parties

Legal fees	3 933	-
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Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
26. Additional disclosure in terms of the Municipal Finance Management Act		
PAYE and UIF		
Opening balance	-	-
Current year payroll deductions and municipality's contributions	2 103 356	1 798 846
Amount paid - current year	(2 103 356)	(1 798 846)
Balance unpaid (included in creditors)	-	-
Pension fund and medical aid deductions		
Opening balance	-	-
Current year deductions	1 952 028	1 361 214
Amount paid - current year	(1 952 028)	(1 361 214)
Balance unpaid (included in creditors)	-	-
Audit fees		
Opening balance	(72 135)	90 640
Current year's audit fee	612 394	470 898
Amount paid - current year	(512 320)	(633 673)
Balance unpaid (included in creditors)	27 939	(72 135)
Contributions		
Opening balance	-	-
Council subscriptions	114 774	85 699
Amount paid - current year	(114 774)	(85 699)
	-	-
Vat		
Vat received for the year	2 587 917	2 186 560
Vat paid for the year	-	-

All Vat returns have been submitted by the due date during the reporting period.

Councillors' arrear consumer accounts

No councillors had arrear accounts outstanding.

Material Losses

No material losses were incurred.

27. Prior year adjustments

During the year the municipality prepared its fixed asset register in compliance with GRAP. Pursuant to that exercise, the municipality identified certain assets that were not in the asset register. Backlog depreciation was then calculated on those newly identified assets.

Arising from

Newly identified assets	-	26 015 071
Correction of backlog depreciation	-	(8 041 081)
Prior year actuarial liability	-	(455 000)
	-	17 518 990

Included in Prior year adjustment includes community halls to the value of R11.9 million. The municipality is awaiting documentation from Ingonyama Trust Board consenting to the long term lease of the land to the municipality.

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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28. Comparison of Budget and Actual Amounts

The budget on was prepared on the cash basis and covers the period 1 July 2012 to 30 June 2013.

Revenue	Reason for difference	Actual outcome (cash)	Actual outcome (accrual)	Difference
Rental of Facilities		4 774	4 774	-
Investment revenue	Accrued income	932 995	1 019 807	(86 812)
Other own revenue		498 763	328 517	170 246
Property rates	Actual amount received only during the year excluding accruals	698 208	768 519	(70 311)
Grants	Adjusted for retention amounts and accrued income	44 175 188	45 753 598	(1 578 410)
		-	46 309 928	47 875 215
				(1 565 287)

Expenditure	Reason for difference	Actual outcome (cash)	Actual outcome (accrual)	Difference
Employee costs	Provision for leave, post medical aid benefit and long service awards provisions	9 596 956	10 200 792	(603 836)
Remuneration of councillors		2 813 602	2 813 602	-
Depreciation and asset impairment	Provision for doubtful debts	11 417 705	11 477 788	(60 083)
Finance charges		14 910	14 910	-
Contracted services	Provided for accrued expenditure	359 973	384 082	(24 109)
Transfers and grants		58 240	58 240	-
Other expenditure	Provided for accrued expenditure	10 985 347	11 418 893	(433 546)
		-	35 246 733	36 368 307
				(1 121 574)

29. Comparative figures

Certain comparative figures have been restated in order to present more meaningful and appropriate comparisons.

30. Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	3 137 051	2 452 931
Remuneration of councillors	7 602	-
Depreciation, amortisation and impairment	7 932 711	1 104 654
Over expenditure on grant income	514 476	3 241
Over expenditure over budget	-	615 614
Overspending on on approved capital budget	-	1 413 542
Approved / condoned by council	(11 591 840)	(2 452 931)
	-	3 137 051

2013

The unauthorised expenditure relate to expenditure incurred that was not budgeted for, and overspending of certain conditional grants. The depreciation relates to newly identified assets in the fixed register upon which backlog depreciation was calculated.

2012

The unauthorised expenditure relate to expenditure incurred that was not budgeted for. The depreciation relates to newly identified assets in the fixed register upon which backlog depreciation was calculated.

31. Fruitless and wasteful expenditure

No fruitless or wasteful expenditure was incurred during 2013 (2012: Nil)

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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32. Irregular expenditure

To the best of management's knowledge instances of note indicating that irregular expenditure was incurred during the year under review were not revealed.

Reconciliation of irregular expenditure

Opening balance	-	-
Irregular expenditure for the current year	31 294	271 606
	31 294	271 606

Section 36 Deviations

Opening balance	-	-
Three quotations not obtained	-	176 328
	-	176 328

The current year's irregular expenditure comprises of R31 294 in respect of amounts where 3 quotations were not obtained (2012 - R73 406 in respect of amounts where 3 quotations were not obtained.)

Payments of R585 063 to persons in service of the state was made.

33. Events after the reporting period

The annual financial statements, which were reviewed by its Audit Committee, were authorised for issue by management on 29 August 2013.

No significant events or events having financial implications were identified after the reporting date that requires disclosure in the financial statements for the year ended 30 June 2013.

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Appendix A: Schedule Of External Loans

Description	Loan Number	Interest Rate	Date Repayable/ Repaid	Balance at 30/06/2012	Received during the year	Redeemed or written off during this period	Balance at 30/06/2013
Lease Liability							
Toyota Financial Services	86112645861	18.50%	01/09/2013	138 875	-	111 100	27 775
				138 875	-	111 100	27 775

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Appendix B: Analysis of Property, plant and equipment

Description	Cost / Revaluation					Accumulated depreciation					Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Depreciation	Impairment	Disposals	Closing Balance	
Land											
Developed land	-	-	-	-	-	-	-	-	-	-	-
Buildings											
Buildings	31 618 166	-	11 802 411	-	43 420 577	(5 000 177)	(2 135 560)	(713 594)	-	(7 849 332)	35 571 245
Assets under construction - Buildings	9 557 930	6 163 483	(11 811 640)	-	3 909 773	-	-	-	-	-	3 909 773
	41 176 096	6 163 483	(9 230)	-	47 330 349	(5 000 177)	(2 135 560)	(713 594)	-	(7 849 332)	39 481 018
Infrastructure											
Infrastructure - Roads	43 838 629	-	6 032 359	-	49 870 988	(14 890 814)	(5 690 981)	(2 108 804)	-	(22 690 599)	27 180 389
Assets under construction - Roads	2 446 321	6 042 045	(6 032 359)	-	2 456 007	-	-	-	-	-	2 456 007
	46 284 950	6 042 045	-	-	52 326 995	(14 890 814)	(5 690 981)	(2 108 804)	-	(22 690 599)	29 636 396
Other assets											
Machinery and equipment	1 947 259	19 244	-	-	1 966 503	(1 138 736)	(243 775)	(1 068)	-	(1 383 579)	582 924
Motor vehicles	1 408 871	1 000	-	-	1 409 871	(855 219)	(106 011)	-	-	(961 230)	448 641
Furniture and equipment	1 503 672	431 161	9 230	-	1 944 063	(793 264)	(216 719)	(938)	-	(1 010 921)	933 141
Computer equipment	822 041	84 800	-	-	906 841	(401 140)	(124 261)	-	-	(525 401)	381 440
	5 681 843	536 205	9 230	-	6 227 278	(3 188 359)	(690 766)	(2 006)	-	(3 881 131)	2 346 147
	93 142 889	2 741 733	0	-	105 884 622	(23 079 350)	(8 517 307)	(2 824 404)	-	(34 421 061)	71 463 561
Intangible assets											
Software	524 016	-	-	-	524 016	(343 665)	(60 076)	-	-	(403 741)	120 275
Total assets	93 666 905	2 741 733	0	-	106 408 638	(23 423 015)	(8 577 383)	(2 824 404)	-	(34 824 802)	71 583 836

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Appendix B: Analysis of Property, plant and equipment

30 June 2012 Description	Cost / Revaluation						Accumulated depreciation					Carrying Value
	Opening Balance	Prior year adjustment	Additions	Newly identified assets at fair value	Transfers	Closing Balance	Opening Balance	Depreciation	Impairment	Disposals	Closing Balance	
Land												
Developed land	-	-	-	-	-	-	-	-	-	-	-	-
Buildings												
Buildings	29 513 727	(6 017 797)	-	-	8 122 236	31 618 166	(3 422 840)	(1 570 131)	(7 206)	-	(5 000 177)	26 617 989
Assets under construction - Buildings	-	6 142 862	1 587 997	-	(8 172 929)	9 557 930	-	-	-	-	-	9 557 930
	29 513 727	125 065	1 587 997	-	(50 693)	41 176 096	(3 422 840)	(1 570 131)	(7 206)	-	(5 000 177)	36 175 919
Infrastructure												
Infrastructure - Roads	25 645 430	17 795 804	-	-	397 395	43 838 629	(9 460 766)	(4 889 288)	(540 760)	-	(14 890 814)	28 947 815
Assets under construction - Roads	-	122 670	2 679 959	-	(356 308)	2 446 321	-	-	-	-	-	2 446 321
	25 645 430	17 918 474	2 679 959	-	41 087	46 284 950	(9 460 766)	(4 889 288)	(540 760)	-	(14 890 814)	31 394 136
Heritage assets	48 000	(48 000)	-	-	-	-	-	-	-	-	-	-
Other assets												
Machinery and equipment	1 957 667	(27 666)	270	7 382	9 606	1 947 259	(926 365)	(209 514)	(2 857)	-	(1 138 736)	808 523
Motor vehicles	1 408 871	-	-	-	-	1 408 871	(728 571)	(126 648)	-	-	(855 219)	553 652
Furniture and office equipment	1 297 028	96 509	99 654	10 481	-	1 503 672	(564 362)	(226 271)	(2 631)	-	(793 264)	710 408
Computer equipment	726 037	-	80 545	15 459	-	822 041	(255 783)	(132 463)	(12 894)	-	(401 140)	420 901
	5 389 603	68 843	180 469	33 322	9 606	5 681 843	(2 475 081)	(694 896)	(18 382)	-	(3 188 359)	2 493 484
	60 596 760	18 064 382	4 448 425	33 322	-	93 142 889	(15 358 687)	(7 154 315)	(566 348)	-	(23 079 350)	70 063 539
Intangible assets												
Computer software	524 016	-	-	-	-	524 016	(283 589)	(60 076)	-	-	(343 665)	180 351
Total assets	61 120 776	18 064 382	4 448 425	33 322	-	93 666 905	(15 642 276)	(7 214 391)	(566 348)	-	(23 423 015)	70 243 890

Ezinqoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Appendix C: Segmental Analysis of Property, plant and equipment

Description	Cost / Revaluation					Accumulated depreciation					Carrying Value
	Opening Balance	Additions	Under Construct-ion	Transfers	Closing Balance	Opening Balance	Depreciation	Disposals	Reassess-ment	Closing Balance	
Executive & Council	516 659	148 114	-	4 800	669 573	238 349	76 391	-	-	314 740	354 833
Financial Services	5 035 008	36 839	212 395	273 462	5 557 705	500 906	85 089	-	-	585 995	4 971 709
Corporate Services	35 315 591	345 982	135 028	11 533 748	47 330 350	7 037 909	4 752 316	-	-	11 790 224	35 540 126
Technical Services	43 833 357	5 272	2 456 006	6 032 360	52 326 995	15 302 533	6 427 568	-	-	21 730 101	30 596 893
	84 700 615	536 206	2 803 430	17 844 370	105 884 622	23 079 697	11 341 364	-	-	34 421 061	71 463 561

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Appendix D: Segmental Statement of Financial Performance

	2013			2012		
	Actual Revenue	Actual Expenditure	Surplus / (Deficit)	Actual Revenue	Actual Expenditure	Surplus / (Deficit)
Executive & Council	1 714 173	4 677 165	(2 962 992)	317 526	1 736 006	(1 418 480)
Financial Services	26 600 780	7 802 628	18 798 152	4 816 873	5 356 302	(539 429)
Corporate Services	50 828	9 733 591	(9 682 763)	18 178 740	10 587 148	7 591 592
Technical Services	16 464 946	2 988 768	13 476 178	11 731 812	8 098 949	3 632 863
	44 830 727	25 202 152	19 628 575	35 044 951	25 778 405	9 266 546

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement Of Budget Information versus Actual (Revenue And Expenditure)

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Final Budget	Explanation of significant Variance greater than 10% versus Final Budget
Financial Performance									
Property rates	799 000	-	799 000	698 208	100 792	100 792	87.39 %	87.39 %	Actual amount received only during the year excluding accruals
Rental of Facilities	19 000	-	19 000	4 774	14 226	14 226	25.13 %	25.13 %	
Investment revenue	864 000	-	864 000	932 995	-	(68 995)	107.99 %	107.99 %	
Transfers recognised - operational	28 882 000	-	28 882 000	44 175 188	-	(15 293 188)	152.95 %	152.95 %	Accrued income and adjusted for retention amounts and accrued income
Other own revenue	340 000	-	340 000	498 763	-	(158 763)	146.70 %	146.70 %	
Total Revenue (excluding capital transfers & contributions)	30 904 000	-	30 904 000	46 309 928	115 018	(15 405 928)	149.85 %	149.85 %	
Employee costs	11 757 000	(289 000)	11 468 000	9 596 956	-	1 871 044	83.68 %	81.63 %	Provision for leave, post medical aid benefit and long service awards provisions
Remuneration of councillors	2 634 000	172 000	2 806 000	2 813 602	7 602	(7 602)	100.27 %	106.82 %	
Debt impairment	-	-	-	-	-	-	%	%	
Depreciation and asset impairment	2 590 000	819 000	3 409 000	11 417 705	8 008 705	(8 008 705)	334.93 %	440.84 %	Additional depreciation and backlog depreciation determined after year by FAR consultants.
Finance charges	52 000	-	52 000	14 910	-	37 090	28.67 %	28.67 %	
Contracted Services	425 000	-	425 000	359 973	-	65 027	84.70 %	84.70 %	
Transfers and Grants	59 000	-	59 000	58 240	-	760	98.71 %	98.71 %	
Other expenditure	12 216 000	(93 000)	12 123 000	10 985 347	-	1 137 653	90.62 %	89.93 %	Provided for accrued expenditure
Total Expenditure	29 733 000	(1 056 000)	30 342 000	35 246 733	8 016 307	(4 904 733)	116.16 %	118.54 %	
Surplus/(Deficit)	1 171 000	1 056 000	562 000	11 063 195	-	(10 501 195)	1 968.54 %	944.76 %	
Transfers recognised - capital	14 546 000	(525 000)	14 021 000	-	-	-	%	%	

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Surplus/ (Deficit) after capital transfers & contributions	15 717 000	531 000	14 583 000	11 063 195	-	(10 501 195)	75.86 %	70.39 %
Capital expenditure & funds sources								
Transfers recognised - capital	15 707 000	(525 000)	14 620 000	14 598 853	-	21 147	99.86 %	92.94 %
Transfers recognised - capital (from Equitable Share)	-	-	562 000	400 799	-	161 201	71.32 %	- %
Internally generated funds	-	-	700 000	-	-	700 000	- %	- %
Total sources of capital funds	15 707 000	(525 000)	15 882 000	14 999 652	-	882 348	94.44 %	95.50 % 0

Ezinqoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Actual versus Budget (Acquisition of Property, plant and equipment)

	Actual	Under Construction	Total Additions	Budget	Variance	Variance %	Explanation of Significant Variances
Executive & Council	74 189	-	74 189	60 000	14 189	23.65 %	
Financial Services	20 294	49 687	69 981	54 000	15 981	29.59 %	Assets were classified as financial services in fixed asset register, while budget classified it as corporate services
Corporate Services	61 621	10 110 221	10 171 842	1 754 000	8 417 842	4.80 %	Assets classified as corporate services in the fixed asset register, while where budget under Technical services.
Technical Services	24 367	4 108 040	4 132 407	11 201 000	(7 068 593)	(63.11)%	
	180 471	14 267 948	14 448 419	13 069 000	1 379 419	10.55 %	

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Appendix F: Grants and Subsidies received

Disclosure of Grants and Subsidies in terms of Section 123 of the Municipal Finance Management Act, 56 of 2003

Name of Grant	Quarterly Receipts				Total Receipts
	Jul to Sep	Oct to Dec	Jan to Mar	Apr to Jun	
Municipal Systems Improvement Grant (MSIG)	800 000	-	-	-	800 000
Municipal Infrastructure Grant	5 913 000	5 018 000	2 565 000	-	13 496 000
Financial Management Grant	1 500 000	-	-	-	1 500 000
Provincialisation of Libraries Grant	245 000	-	-	-	245 000
Library Grant - Cyber Cadet	-	-	100 800	-	100 800
Small Town Rehabilitation Grant	-	-	-	-	-
LED Strategy Grant	-	-	-	-	-
Integrated National Electrification Programme	-	-	-	-	-
National Lottery Grant	-	-	-	-	-
Infrastructure Grant	525 000	-	-	-	525 000
Integrated Development Plan Grant	-	200 000	-	30 000	230 000
	8 983 000	5 218 000	2 665 800	30 000	16 896 800

Name of Grant	Quarterly Expenditure				Total Expenditure
	Jul to Sep	Oct to Dec	Jan to Mar	Apr to Jun	
Municipal Systems Improvement Grant (MSIG)	446 367	449 629	220 588	122 223	1 238 807
Municipal Infrastructure Grant	2 559 286	5 063 032	1 893 931	5 031 304	14 547 553
Financial Management Grant	309 110	510 901	402 674	421 418	1 644 102
Provincialisation of Libraries Grant	-	92 651	61 690	82 875	237 216
Library Grant - Cyber Cadet	24 006	23 621	24 002	24 005	95 634
Small Town Rehabilitation Grant	8 946	-	-	-	8 946
LED Strategy Grant	-	-	-	-	-
Integrated National Electrification Programme	100 000	233 843	106 942	1 275 520	1 716 305
National Lottery Grant	-	-	-	-	-
Infrastructure Grant	-	-	-	-	-
Integrated Development Plan Grant	-	-	14 298	214 739	229 037
	3 447 714	6 373 677	2 724 125	7 172 083	19 717 600

Ezingoleni Municipality

Annual Financial Statements for the year ended 30 June 2013

Grants and Subsidies received

Disclosure of Grants and Subsidies in terms of Section 123 of the Municipal Finance Management Act, 56 of 2003

Name of Grant	Name of organ of state or municipal entity	Unspent portion 2011/2012 financial statements	Total Receipts	Total Expenditure	Overspent portion shown as Receivables	Unspent portion 2012/2013 financial statements	Grants and Subsidies delayed / withheld	Reason for delay or withholding of funds	Complied with grant conditions?	Reason for non-compliance
Municipal Systems Improvement Grant (MSIG)	Trade and Local Govt Affairs	274 391	800 000	1 238 807	164 416	-	No	N/A	Yes	N/A
Municipal Infrastructure Grant	Trade and Local Govt Affairs	701 496	13 496 000	14 547 553	350 057	-	No	N/A	Yes	N/A
Financial Management Grant	National Treasury	150 682	1 500 000	1 644 102	-	6 580	No	N/A	Yes	N/A
Provincialisation of Libraries Grant	Trade and Local Govt Affairs	(3 251)	245 000	237 216	-	4 533	No	N/A	Yes	N/A
Library Grant - Cyber Cadet	KZN Dept of Art and Culture	72 500	100 800	95 634	-	77 666	No	N/A	Yes	N/A
Small Town Rehabilitation Grant	COGTA	449 828	-	8 946	-	440 882	No	N/A	Yes	N/A
LED Strategy Grant	KZN Dept of Art and Culture	104 722	-	-	-	104 722	No	N/A	Yes	N/A
Integrated National Electrification Programme	Dept of Mineral & Energy	1 716 305	-	1 716 305	-	-	0	N/A	Yes	N/A
National Lottery Grant	National Lottery	1 025 745	-	-	-	1 025 745	No	N/A	Yes	N/A
Infrastructure Grant	Dept of Sport and Recreation	-	525 000	-	-	525 000	No	N/A	Yes	N/A
Integrated Development Plan Grant	COGTA	-	230 000	229 037	-	963	No	N/A	Yes	N/A
		4 492 418	16 896 800	19 717 600	514 473	2 186 091				